

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

VIRGINIA GAS AND OIL BOARD HEARING

Tuesday, November 18, 2014

Lebanon, Virginia

**BOARD MEMBERS:**

Bill Harris—Public Member

Bruce Prather—Gas & Oil Industry Representative

Donnie Ratliff—Coal Industry Representative

Mary Quillen—Public Member

**APPEARANCES:**

Bradley Lambert—Chairman of the Virginia Gas & Oil Board

Rick Cooper—Director of the Division of Gas & Oil and  
Principal Executive to the Staff of the Board

Paul Kugelman —Assistant Attorney General

Sarah Gilmer—Staff Member of the Division of Gas & Oil

*Prepared by: Margaret Linford*

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1 **Bradley Lambert:** Good morning, ladies and gentlemen. It's now after 9:00 and it's time to  
2 begin our proceedings this morning. I would like to remind you that if you have cell phones or  
3 other communicating devices, to please turn those off or set them on vibrate. If you must take  
4 your call, please do so out in the hall. We are trying to record these proceedings and we would  
5 appreciate having no interruptions. We'll begin this morning by asking the Board to please  
6 introduce themselves. I'll begin with Mr. Kugelman.

7 **Paul Kugelman:** Paul Kugelman, with the Office of the Virginia Attorney General.

8 **Bradley Lambert:** I'm Butch Lambert, the Deputy Director of the Department of Mines,  
9 Minerals and Energy.

10 **Donnie Ratliff:** Donnie Ratliff, with Alpha Natural Resources, representing coal.

11 **Bill Harris:** I'm Bill Harris, a public member. I'm from Wise County.

12 **Bruce Prather:** I'm Bruce Prather. I represent the oil and gas industry on the Board.

13 **Mary Quillen:** Mary Quillen, public member.

14 **Items Numbers 1 and 2**

15 **Bradley Lambert:** Thank you, ladies and gentlemen. We'll begin this morning. The first  
16 agenda item is receive public comment. There is no one who has signed up for public  
17 comments, so we'll go to Item Number 2 on the Docket. A petition from EQT Production  
18 Company for the disbursement of funds and authorization for direct payment on behalf of the  
19 owners for Tracts 2, 4, 5, 6, 7, 8 and 9. Docket Number VGOB 97-0520-0586...and this will be  
20 -02 instead of -01 that is on your Docket. All those wishing to testify please come forward.

21 **Jim Kaiser:** Mr. Chairman, Rita Barrett and Jim Kaiser, on behalf of EQT Production  
22 Company.

23 **Bradley Lambert:** Good morning.

24 **Jim Kaiser:** Good morning.

25 **Sarah Gilmer:** Ms. Barrett, do you swear or affirm that your testimony is the truth, the whole  
26 truth and nothing but the truth?

27 **Rita Barrett:** Yes, ma'am.

28 **Bradley Lambert:** You may proceed, Mr. Kaiser.

1 **Rita Barrett:** We're going to continue this well indefinitely, Mr. Chairman, because we have  
2 not heard from the Attorney in Richmond who was going to provide us with some estate  
3 documents on the Sharon Catlett Tract.

4 **Bradley Lambert:** Okay. That item will be continued until requested by the company to place  
5 it back on the Docket.

6 **Mary Quillen:** To December?

7 **Jim Kaiser:** No. We're going to...

8 **Rita Barrett:** Indefinitely. We communicated with him and he still hasn't gotten us the  
9 estates...

10 **Jim Kaiser:** In July, he was going to get it right to us. He called me, personally, in my office  
11 and said, "I'm going to take care of this." That was six months ago.

12 **Rita Barrett:** Then, I talked to him.

13 **Jim Kaiser:** At some point, we'll probably just have to go ahead and set it and push it through.

14 **Rita Barrett:** What I would like to do is revise the exhibits and get the other tract disbursed.

15 **Bradley Lambert:** Sure. That would be an option, if you'd like to do that.

16 **Jim Kaiser:** It's not fair to the other folks.

17 **Bradley Lambert:** We'll continue that Docket Item.

18 **Item Number 3**

19 **Bradley Lambert:** We'll move on to Docket Item Number 3. A petition from EQT Production  
20 Company for the disbursement of funds and authorization for direct payment on behalf of the  
21 known owners of Tracts 3, 4, 9 and 10 in Well VC-503042. Docket Number VGOB 04-1214-  
22 1373-05. All parties wishing to testify please come forward.

23 **Jim Kaiser:** Jim Kaiser and Rita Barrett for EQT.

24 **Bradley Lambert:** You may proceed, Mr. Kaiser.

25 **Jim Kaiser:** Ms. Barrett, if you would state your name, who you are employed by and in what  
26 capacity, please?

27 **Rita Barrett:** Yes. My name is Rita McGlothlin Barrett. I'm employed by EQT Production  
28 Company as a contract landman.

1 **Jim Kaiser:** And we're here today for a disbursement request?

2 **Rita Barrett:** Yes, we are.

3 **Jim Kaiser:** Have all parties been notified, as required by statute?

4 **Rita Barrett:** They have.

5 **Jim Kaiser:** What unit does this disbursement affect?

6 **Rita Barrett:** This is Unit VC-503042.

7 **Jim Kaiser:** And what Tract or Tracts?

8 **Rita Barrett:** Tracts 3, 4, 9 and 10.

9 **Jim Kaiser:** Is this a partial or full disbursement?

10 **Rita Barrett:** This is a full disbursement.

11 **Jim Kaiser:** The reason for the disbursement?

12 **Rita Barrett:** We have a letter dated January 14, 2014, from Range Resources, wherein they  
13 relinquish their claim to the coalbed methane royalties.

14 **Jim Kaiser:** Have all these figures been reconciled between the bank and EQT?

15 **Rita Barrett:** They have as of January 10, 2014.

16 **Jim Kaiser:** And should the Board look to the next to last column on the right of Table 1 to get  
17 the percentage of escrowed funds to be disbursed?

18 **Rita Barrett:** Yes.

19 **Jim Kaiser:** And does Schedule 1 represent who should receive those disbursements and at  
20 what percentage?

21 **Rita Barrett:** It does.

22 **Jim Kaiser:** Have we provided the Board with Exhibits E and EE to reflect the facts of this unit  
23 after the disbursement?

24 **Rita Barrett:** Yes.

25 **Jim Kaiser:** I guess it's just a EE, no E.

26 **Rita Barrett:** Right.

1 **Jim Kaiser:** Would you ask that the order direct that any royalty due these owners, be paid  
2 directly to them going forward?

3 **Rita Barrett:** Yes.

4 **Jim Kaiser:** Nothing further at this time, Mr. Chairman.

5 **Bradley Lambert:** Any questions from the Board?

6 **Mary Quillen:** Where is the location of this well?

7 **Bruce Prather:** What county?

8 **Rita Barrett:** The location?

9 **Mary Quillen:** Yes.

10 **Rita Barrett:** It is in the Ervinton District of Dickenson County.

11 **Mary Quillen:** Thanks.

12 **Bradley Lambert:** Any other questions from the Board? [No response] Anything further, Mr.  
13 Kaiser?

14 **Jim Kaiser:** We would ask that the application be approved as submitted, Mr. Chairman.

15 **Bradley Lambert:** Do I have a motion?

16 **Mary Quillen:** Motion to approve.

17 **Bruce Prather:** Second.

18 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
19 response] All in favor signify by saying 'yes.'

20 **Board:** Yes.

21 **Bradley Lambert:** Opposed no.

22 **Donnie Ratliff:** I'll abstain, Mr. Chairman.

23 **Bradley Lambert:** One abstention. Mr. Ratliff.

24 **Item Number 4**

25 **Bradley Lambert:** We're calling Docket Item Number 4. A petition from EQT Production  
26 Company for the disbursement of funds and authorization for direct payment on behalf of all

known owners as to Tracts 2, 3, 4, 5 and 6 in Well VC-537244. This is Docket Number VGOB 07-1218-2101-01. All parties wishing to testify please come forward.

**Jim Kaiser:** Rita Barrett, Jim Kaiser for EQT, Mr. Chairman.

**Bradley Lambert:** You may proceed, Mr. Kaiser.

**Rita Barrett:** Mr. Chairman, we're going to continue this well indefinitely, also. This has the Arrington Cemetery. You and I have tried to communicate with this group, but I did not find anything of record after he told me he thought it had been taken care of. So, what I would like to do on this one is continue it indefinitely and, again, revise the exhibits and disburse to all the other parties in this unit. If we could get Arrington Cemetery to give us a list of trustees, we need to close this account out.

**Bradley Lambert:** I'll go back with him again and let him know that his information he thought was right apparently didn't get filed with the courthouse.

**Rita Barrett:** Okay. Thank you.

**Bradley Lambert:** So, Ms. Barrett, he says he received a packet of W-9's to fill out and return back.

**Rita Barrett:** That's the confusion. I think that he got mailed a W-9 and, if he's filling it out as an individual, we need something of record to show us that he is, indeed, a trustee of the cemetery. I'm not sure why he was sent a W-9.

**Bradley Lambert:** Okay. So, I probably should let him know just disregard that W-9 unless he is the trustee for the cemetery.

**Rita Barrett:** Unless he's a trustee and they have something of record, but the courthouse didn't find anything yesterday.

**Bradley Lambert:** Okay. I'll get a hold of him as soon as I can. We'll try to clear that up.

**Rita Barrett:** I would appreciate that.

**Bradley Lambert:** Thank you.

### **Item Number 5**

**Bradley Lambert:** We're calling Docket Item Number 5. A petition from EQT Production Company, for the disbursement of funds and authorization for direct payment on behalf of all known owners as to Tracts 2 and 3 in Well VC-502974. Docket Number VGOB 05-0419-1437-01. All parties wishing to testify please come forward.

1 **Jim Kaiser:** Rita Barrett, Jim Kaiser for EQT.

2 **Bradley Lambert:** You may proceed, Mr. Kaiser.

3 **Jim Kaiser:** Ms. Barrett, is this again a disbursement request?

4 **Rita Barrett:** It is.

5 **Jim Kaiser:** Have all parties been notified as required by statute?

6 **Rita Barrett:** Yes.

7 **Jim Kaiser:** And what unit does this disbursement affect?

8 **Rita Barrett:** This is unit 502974.

9 **Jim Kaiser:** And which tract or tracts?

10 **Rita Barrett:** Tracts 2 and 3.

11 **Jim Kaiser:** And is this a partial or full disbursement?

12 **Rita Barrett:** This will be a full disbursement.

13 **Jim Kaiser:** And the reason for the disbursement?

14 **Rita Barrett:** We have a letter from Range Resources dated March 21, 2014, wherein they  
15 relinquish their claim to the coalbed methane royalties.

16 **Jim Kaiser:** Have all figures been reconciled between the Escrow Agent and EQT?

17 **Rita Barrett:** Yes. As of June 13, 2014.

18 **Jim Kaiser:** And should the Board use the next to last column on the right, the percentage of  
19 escrowed funds to be disbursed in Table 1 for purposes of disbursement?

20 **Rita Barrett:** Yes.

21 **Jim Kaiser:** And does Table 1 represent who should receive those disbursements and at what  
22 percentage?

23 **Rita Barrett:** Yes.

24 **Jim Kaiser:** And have you provided the Board with an Exhibit EE to reflect the facts of this  
25 unit after the disbursement?

26 **Rita Barrett:** Yes.



1 **Jim Kaiser:** And would you ask that the order provide that all royalties due these owners be  
2 paid directly going forward?

3 **Rita Barrett:** Yes.

4 **Jim Kaiser:** Nothing further of this witness at this time, Mr. Chairman.

5 **Bradley Lambert:** Ms. Barrett, did you testify that this disbursement was because of a letter  
6 from Mr. Horn?

7 **Rita Barrett:** Yes. We have a letter dated March 21, 2014, from Range, wherein they  
8 relinquish their claim to coalbed methane royalties.

9 **Bradley Lambert:** Did you submit that letter as part of the package?

10 **Rita Barrett:** Yes. I have a copy of it here, if you would like it.

11 **Jim Kaiser:** You need a copy?

12 **Bradley Lambert:** Mr. Cooper, do you have that in your file?

13 **Rick Cooper:** That's what I'm looking at real quick here. No, we do not have the letter. We  
14 need them to upload this today, no later than tomorrow.

15 **Rita Barrett:** Okay.

16 **Bradley Lambert:** Any other questions from the Board? [No response] Do you have anything  
17 further, Mr. Kaiser?

18 **Jim Kaiser:** Mr. Chairman, we would ask that the applicaiton be approved as submitted, with  
19 the addition of the letter from Mr. Horn with the Exhibit attached to it showing the list of Wells.

20 **Bradley Lambert:** Do I have a motion?

21 **Mary Quillen:** Motion to approve.

22 **Bruce Prather:** Second.

23 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
24 response] All in favor signify by saying yes.

25 **Board:** Yes.

26 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Kaiser. That's approved.

27 **Jim Kaiser:** Thank you.

**Item Number 6**

**Bradley Lambert:** We're calling Docket Item Number 6. A petition from EQT Production Company, for disbursement and authorization for direct payment on behalf of all known owners in Tracts 1, 2, 5, 6, 8, 9, 10, 11, 12 and 13 in Well VC-504482. Docket Number VGOB-01-0619-0899-02. All parties wishing to testify please come forward.

**Jim Kaiser:** Jim Kaiser and Rita Barrett, again, on behalf of EQT.

**Bradley Lambert:** You may proceed, Mr. Kaiser.

**Jim Kaiser:** Ms. Barrett, again, is this a disbursement request?

**Rita Barrett:** It is.

**Jim Kaiser:** Have all parties been notified?

**Rita Barrett:** Yes.

**Jim Kaiser:** What unit does this disbursement affect?

**Rita Barrett:** This is unit VC-4482.

**Jim Kaiser:** Which tracts are we disbursing from?

**Rita Barrett:** We're disbursing Tracts 1, 2, 8, 10, 11, 13, 12, 5, 9 and 6.

**Jim Kaiser:** And is this a partial or full disbursement?

**Rita Barrett:** This is a full disbursement.

**Jim Kaiser:** And the reason for the disbursement?

**Rita Barrett:** We have a letter from Range Resources dated March 21, 2014, wherein they relinquish their claim to the coalbed methane royalty.

**Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and EQT.

**Rita Barrett:** They have, as of August 14, 2014.

**Jim Kaiser:** Should we direct the Board to the next to last column on the right in Table 1, percentage of escrowed funds to be disbursed for them to use for purposes of disbursement going forward?

**Rita Barrett:** Yes.

**Jim Kaiser:** And this Table 1 reflects who should receive those disbursements and in what amount?

1    **Rita Barrett:** It does.

2    **Jim Kaiser:** And have we provided the Board with an Exhibit EE to reflect the facts of this  
3    disbursement?

4    **Rita Barrett:** Yes.

5    **Jim Kaiser:** And would you ask that any order direct that royalties be paid to these owners  
6    directly going forward?

7    **Rita Barrett:** Yes.

8    **Jim Kaiser:** Nothing further of this witness, Mr. Chairman.

9    **Bradley Lambert:** Ms. Barrett, I meant to ask back in the earlier docket item and I forgot to,  
10   but just so that I'm clear on something. In Exhibit EE, these parties that are listed as unleased  
11   and the reason we're paying out is because of the letter, is that correct?

12   **Rita Barrett:** Yes.

13   **Bradley Lambert:** And we won't see these in EE the next time these people.....these will be  
14   paid out, but going forward we'll move these from EE, move them out of EE...the unleased  
15   parties. Is that correct? In EE?

16   **Rita Barrett:** Yes.

17   **Bradley Lambert:** Okay. I've got one other question and you may or may not could answer  
18   this one. This might be a question for Range. I don't think anyone is here from Range. In Phil  
19   Horn's letter, he states that "EQT, as the operator of these units, has placed or will place all  
20   royalty proceeds attributable to the conflicting claims that it relates to CBM ownership into  
21   escrow or a suspense account." Could you tell us what that suspense account is, where it  
22   resides?

23   **Rita Barrett:** I'm assuming that, in instances where all parties were leased and there was no  
24   pooling required and there were conflicting claimants, those royalties were placed in suspense  
25   account internally, at Equitable.

26   **Bradley Lambert:** How does this Board know when those get paid out?

27   **Rita Barrett:** I'm not sure. I assume they probably should notify you folks that they are paying  
28   those out.

29   **Bradley Lambert:** Let me ask Mr. Cooper. Do we get notified when those royalties are paid  
30   out of the suspense account?

31   **Rick Cooper:** We do not. Unless it comes in front of the Board, we're not aware of it.

1 **Bradley Lambert:** Mr. Cooper, working with EQT, could you follow up on that?

2 **Rick Cooper:** I will. I'll try to get some results and report on that at the next Board meeting.

3 **Jim Kaiser:** We could probably file an amended supplemental order or something.

4 **Rick Cooper:** I'll see if I can follow up on that and get us a good, solid answer at the next  
5 meeting.

6 **Bradley Lambert:** Okay. Mr. Cooper?

7 **Rick Cooper:** So, these are leased parties? Let me make sure I understand, here. These are  
8 leased or unleased people we're talking about here?

9 **Rita Barrett:** We're talking about, in instances where we had 100% of the unit leased but there  
10 were conflicting claims as to the coalbed methane or conflicting claims for any other reason, that  
11 those royalties are placed in a suspense account, internally, at Equitable.

12 **Paul Kugelman:** How do those funds avoid going into the escrow account. I don't understand.  
13 If you have a conflicting claim for the royalty interest?

14 **Rita Barrett:** That's a question for Equitable's legal department. That decision was made years  
15 ago.

16 **Paul Kugelman:** I'm not asking you to bind Equitable. I was just wondering if somebody could  
17 be so kind as to explain to me how royalties that are in conflict are somehow not making it  
18 into....

19 **Rita Barrett:** I think they're basing that on the fact that the unit was 100% leased.

20 **Paul Kugelman:** So, there's no forced pooling order?

21 **Rita Barrett:** Correct.

22 **Jim Kaiser:** There's no jurisdiction.

23 **Paul Kugelman:** I follow you. That's what I needed to understand. Thank you.

24 **Bradley Lambert:** And Range Resources giving up their claim really releases that money back  
25 to the royalty owner.

26 **Rita Barrett:** It does.

27 **Rick Cooper:** So, we're clear if it's not a pooled unit, it's not a Board item. Correct?

28 **Rita Barrett:** Correct.

1 **Rick Cooper:** And that's what you're talking about in this situation.

2 **Rita Barrett:** Yes, sir.

3 **Bruce Prather:** Is there any way that this could be resolved? If you put it in suspension, that  
4 doesn't come before the Board or anybody else and these people don't ask for their money, is it  
5 just going to stay in suspension forever?

6 **Rita Barrett:** If Range sends EQT a letter saying that they don't claim the coalbed methane  
7 royalties in a specific well or a specific tract, that money should be released from that internal  
8 suspense. It's my understanding that it is being released. Again, we can confirm that.

9 **Jim Kaiser:** But, that would be a matter of private contract between those parties and EQT.  
10 The Board or the Department has nothing to do with it. You don't have any jurisdiction.

11 **Bradley Lambert:** So, Range has released the claim. So, it's up to EQT to work with the...

12 **Jim Kaiser:** Person who's due the money.

13 **Bradley Lambert:** Who's due the money to get the money back to him.

14 **Mary Quillen:** I have just one question on that. Then, this would not come before this Board,  
15 again.

16 **Rita Barrett:** No, because they're 100% leased.

17 **Jim Kaiser:** It's a voluntary unit.

18 **Mary Quillen:** Okay. Thanks.

19 **Bradley Lambert:** Any other questions from the Board? [No response] Anything further, Mr.  
20 Kaiser?

21 **Jim Kaiser:** We would ask that the application be approved as submitted, Mr. Chairman.

22 **Bradley Lambert:** Do I have a motion?

23 **Bill Harris:** Motion for approval.

24 **Bruce Prather:** Second.

25 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
26 response] All in favor signify by saying 'yes.'

27 **Board:** Yes.

28 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Kaiser. That's approved.

1 **Jim Kaiser/Rita Barrett:** Thank you.

2 **Item Number 7**

3 **Bradley Lambert:** We're calling Docket Item Number 7. A petition from EQT Production  
4 Company for disbursement and authorization for direct payment on behalf of all known owners  
5 in Tract 4 in Well PC-313 or VC-751313. Docket Number VGOB 93-0119-0309-06. All parties  
6 wishing to testify please come forward.

7 **Jim Kaiser:** Rita Barrett and Jim Kaiser again, Mr. Chairman.

8 **Bradley Lambert:** You may proceed, Mr. Kaiser.

9 **Jim Kaiser:** Ms. Barrett, again, we're here on a disbursement request?

10 **Rita Barrett:** We are.

11 **Jim Kaiser:** Have all parties been notified?

12 **Rita Barrett:** Yes.

13 **Jim Kaiser:** And what unit does this disbursement affect?

14 **Rita Barrett:** This is Unit PC-313.

15 **Jim Kaiser:** What Tract?

16 **Rita Barrett:** Tract 4.

17 **Jim Kaiser:** And this is a partial disbursement?

18 **Rita Barrett:** It is.

19 **Jim Kaiser:** And the reason for the disbursement?

20 **Rita Barrett:** We have a letter from Range Resources dated March 21, 2014, wherein they  
21 relinquish their claim to the coalbed methane royalties.

22 **Jim Kaiser:** Have the figures been reconciled between the Escrow Agent and the bank?

23 **Rita Barrett:** They have, as of September 12, 2012.

24 **Jim Kaiser:** Do you have some, I guess for lack of a better term, "speculation" as to why the  
25 date is 2012?

1 **Rita Barrett:** I asked Mr. Cooper. We're checking on that. I don't know if this well is shut in  
2 or if it was donated to the new school, but I'm not sure why this reconciliation date is 2012. Did  
3 Mr. Lovett?

4 **Rick Cooper:** We're checking on the status. I don't know right as we speak what the status is, if  
5 it's shut in or not.

6 **Bradley Lambert:** So, you think that's a possibility?

7 **Rick Cooper:** It is a possibility, yes. Someone is checking on that, as we speak.

8 **Rita Barrett:** I know it's around the new school.

9 **Jim Kaiser:** She thinks it's possible that, maybe they donated it to the school to use for heating  
10 purposes. In other words, there hasn't been any commercial production from it, probably since  
11 2012.

12 **Bradley Lambert:** Seems like there was some kind of issue about a well being used for.....I  
13 think I remember talking to the Industrial Development Authority about that. The well was shut  
14 in to be used by the school, but it turned out the school couldn't use it after it was shut in. I'm not  
15 sure if that's this well, or not.

16 **Rita Barrett:** I feel pretty certain it is 313.

17 **Bradley Lambert:** All right.

18 **Jim Kaiser:** And the percentage the Board should use for disbursement purposes would be  
19 reflected in the next to last column on the right of Table 1?

20 **Rita Barrett:** Yes.

21 **Jim Kaiser:** And that Table 1 reflects who should receive the disbursements and in what  
22 amount?

23 **Rita Barrett:** Yes.

24 **Jim Kaiser:** Have you provided the Board with Exhibits E and EE to reflect the facts of this  
25 unit after the disbursement?

26 **Rita Barrett:** Yes.

27 **Jim Kaiser:** Would you ask that any order direct the royalties to be paid to these owners  
28 directly, going forward?

29 **Rita Barrett:** Yes.

30 **Jim Kaiser:** Nothing further of this witness, Mr. Chairman.

1 **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr.  
2 Kaiser?

3 **Jim Kaiser:** We would ask that the application be approved as submitted.

4 **Bradley Lambert:** Do I have a motion?

5 **Bill Harris:** Motion for approval.

6 **Bruce Prather:** Second.

7 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
8 response] All in favor signify by saying yes.

9 **Board:** Yes.

10 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Kaiser. That's approved.

11 **Jim Kaiser:** Thank you.

12 **Rita Barrett:** Thank you.

13 **Item Number 8**

14 **Bradley Lambert:** We're calling Docket Item Number 8. A petition from EQT Production  
15 Company, for disbursement of funds and authorization of direct payment on behalf of all known  
16 owners in Tracts 1, 2, 4 and 5 on Well VC-536070. Docket Number VGOB 04-0921-1337-08.  
17 All parties wishing to testify please come forward.

18 **Jim Kaiser:** Mr. Chairman, again Rita Barrett and Jim Kaiser.

19 **Bradley Lambert:** You may proceed, Mr. Kaiser.

20 **Jim Kaiser:** Ms. Barrett, again we're here on a disbursement request?

21 **Rita Barrett:** We are.

22 **Jim Kaiser:** Have all parties been notified?

23 **Rita Barrett:** Yes.

24 **Jim Kaiser:** What unit does this disbursement affect?

25 **Rita Barrett:** This is Unit VC-536070.

26 **Jim Kaiser:** And which tracts are we disbursing from?



1    **Rita Barrett:** Tracts 1, 2, 4 and 5.

2    **Jim Kaiser:** And this will be a partial disbursement for this unit?

3    **Rita Barrett:** It is partial.

4    **Jim Kaiser:** The reason for disbursement?

5    **Rita Barrett:** We have a letter from Range Resources dated January 14, 2014, wherein they  
6    relinquish their claim to the coalbed methane royalties.

7    **Jim Kaiser:** Have the figures been reconciled between the escrow agent and EQT?

8    **Rita Barrett:** Yes, as of August 14, 2014.

9    **Jim Kaiser:** Should the Board look to the next to last column on the right in Table A for the  
10   percentage of escrowed funds?

11   **Rita Barrett:** Yes.

12   **Jim Kaiser:** And does Table 1 represent the parties and amounts and percentages of  
13   disbursement each should receive?

14   **Rita Barrett:** Yes.

15   **Jim Kaiser:** And have you provided the Board with Exhibits E and EE to reflect the facts of this  
16   unit after disbursement?

17   **Rita Barrett:** Yes, and we do have one correction. We have a change of address for LeeAnn S.  
18   Crane. That address is 100 Joshua Road; Smithfield, VA 23430. I suppose we could revise the  
19   exhibit and upload that.

20   **Jim Kaiser:** Let's do that. Would you ask that any order have the royalties be paid to these  
21   owners directly going forward?

22   **Rita Barrett:** Yes.

23   **Jim Kaiser:** Nothing further of this witness at this time, Mr. Chairman.

24   **Bradley Lambert:** Any questions from the Board? [No response] Anything further, Mr.  
25   Kaiser?

26   **Jim Kaiser:** We would ask that the application be approved with the corrected Table A, Table 1  
27   to reflect the right address.

28   **Bradley Lambert:** Do I have a motion?

1 **Mary Quillen:** Motion to approve.  
2 **Bruce Prather:** Second.  
3 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
4 response] All in favor signify by saying yes.  
5 **Board:** Yes.  
6 **Bradley Lambert:** Opposed no.  
7 **Donnie Ratliff:** I'll abstain, Mr. Chairman.  
8 **Bradley Lambert:** One abstention. Mr. Ratliff. Thank you, Mr. Kaiser. That's approved.  
9 **Jim Kaiser:** Thank you.  
10 **Rita Barrett:** Thank you.

11 **Item Number 9**

12 **Bradley Lambert:** We're calling Docket Item Number 9. A petition from CNX Gas Company,  
13 LLC, for the disbursement of escrowed funds heretofore deposited with the Board's escrow agent  
14 attributable to Tracts 1B and 1C as depicted upon the annexed Table 1; and authorization to  
15 begin paying royalties directly to the parties to the prevailing plaintiffs. This is Docket Number  
16 VGOB 03-0415-1142-03. All parties wishing to testify please come forward.

17 **Mark Swartz:** In response to your question, Mark Swartz and Anita Duty.

18 **Sarah Gilmer:** Ms. Duty, do you swear or affirm that your testimony is the truth, the whole  
19 truth and nothing but the truth?

20 **Anita Duty:** Yes.

21 **Bradley Lambert:** I guess before we begin, I need to read into the record a letter from T. Shea  
22 Cook, Attorney at Law. This was sent via fax on November 18, 2014.

23 **Rick Cooper:** We received it at 9:34.

24 **Bradley Lambert:** Received at 9:34. It says, "Dear Rick, I represent Doris Dye and Dollie  
25 Belcher. I will be faxing the limited Powers of Attorney today, authorizing me to receive the  
26 distribution check, as has been the previous practice. I request that, upon receipt, that the  
27 disbursements be processed in accordance with the Powers of Attorney." We have that letter and  
28 read into the record. However, we don't have the Power of Attorney, as of the time of the  
29 hearing this morning. We will proceed, as usual. You may proceed, Mr. Swartz.

1 **Mark Swartz:** Thank you. Would you state your name for us, please?

2 **Anita Duty:** Anita Duty.

3 **Mark Swartz:** And who do you work for?

4 **Anita Duty:** CNX Land Resources.

5 **Mark Swartz:** And we're here on a petition for a disbursement. Correct?

6 **Anita Duty:** Yes. CNX Land, LLC.

7 **Mark Swartz:** Okay. We're here on a petition for a disbursement this morning?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And it involves what drilling unit?

10 **Anita Duty:** FF33.

11 **Mark Swartz:** And what tracts?

12 **Anita Duty:** Tracts 1B and 1C

13 **Mark Swartz:** And the reason for the disbursement is what?

14 **Anita Duty:** We received a court order.

15 **Mark Swartz:** That determined the title issue, I assume.

16 **Anita Duty:** I'm sorry. Yes.

17 **Mark Swartz:** And resolved the conflict?

18 **Anita Duty:** It did.

19 **Mark Swartz:** Okay. Have you actually seen that order and reviewed it?

20 **Anita Duty:** I have.

21 **Mark Swartz:** And have you prepared the table with regard to this distribution consistent with  
22 the terms of that order?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** There was a winner and a loser, right?

25 **Anita Duty:** Yes.

1 **Mark Swartz:** So, somebody gets 100%?

2 **Anita Duty:** They do.

3 **Mark Swartz:** And we'll get to that. Did you, as is your custom, compare the checks that the  
4 operator sent to the collection of escrow agents over the years to the deposits that the escrow  
5 agents booked?

6 **Anita Duty:** I did.

7 **Mark Swartz:** And did you prepare an Exhibit with regard to that comparison?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And that's Exhibit J, I think?

10 **Anita Duty:** It is.

11 **Mark Swartz:** At the last page of Exhibit J, what was the date as of which that comparison was  
12 done?

13 **Anita Duty:** July 31, 2014.

14 **Mark Swartz:** Did you show the total deposits at that summary page?

15 **Anita Duty:** I did.

16 **Mark Swartz:** And then there have been two previous disbursements?

17 **Anita Duty:** There has.

18 **Mark Swartz:** And you accounted for those?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And then you attempted to account for interest and fees that the bank apparently  
21 has shown?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** When you compared, at the end of the day, how close was what you had  
24 deposited over the years, as operator, to the balance that you've accounted for?

25 **Anita Duty:** There was a difference of \$48.48...negative.

26 **Mark Swartz:** Is it your view that that difference is accounted for by the interest and fees that  
27 the banks have charged over the years?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** That's the reason for that?

3 **Anita Duty:** I would assume, yes.

4 **Mark Swartz:** Going to the table that you've prepared. If you could find that, it's Table 1, I  
5 believe.

6 **Anita Duty:** Yes.

7 **Mark Swartz:** You have prepared a section of Table 1 for each tract, correct?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** And you show for each tract that the party who is going to receive the funds  
10 attributable to the tract, is going to receive 100% of the deposit...what's on deposit at the time  
11 disbursement is made?

12 **Anita Duty:** Correct.

13 **Mark Swartz:** Okay. With regard to Tract 1B, who is to receive that disbursement?

14 **Anita Duty:** Dollie Absher.

15 **Mark Swartz:** And in what percentage?

16 **Anita Duty:** 22.3089% from the account.

17 **Mark Swartz:** Then, with regard to Tract 1C?

18 **Anita Duty:** Doris Dye. She is to receive 44.7738% of the account.

19 **Mark Swartz:** And the conflicting claimants, conflicting against Dollie Absher and Doris Dye,  
20 neither receives any disbursement at all, correct?

21 **Anita Duty:** Correct.

22 **Mark Swartz:** And the escrow agent should use these percentages that you've just read into the  
23 record, at the time the disbursement is made?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And, I assume, given the percentages, that you've reported that there will still  
26 need to be an escrow account for the difference?

27 **Anita Duty:** There will be.

1 **Mark Swartz:** Okay. Have you provided the Board with a revised Exhibit E to show who is  
2 still in escrow?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** Okay. And have you provided a revised Exhibit EE?

5 **Anita Duty:** Yes, we have.

6 **Mark Swartz:** And are you asking the courts' permission, in the event that this petition for  
7 disbursement is granted, to pay the people who prevailed in this lawsuit directly in the future?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** That's all I have, Mr. Chairman.

10 **Bradley Lambert:** Ms. Duty, the letter I just read from Shea Cook lists Doris Dye and Dollie  
11 Belcher. Should that be Dollie Absher instead of Belcher or are we talking about separate  
12 people?

13 **Anita Duty:** Actually, Dollie Belcher is the prevailing Plaintiff, but she sent us a W-9 and  
14 information regarding.....she got married ten years ago, so I guess Shea Cook doesn't know that.

15 **Paul Kugelman:** So, just to be clear, Dollie Belcher does not exist with respect to this  
16 disbursement?

17 **Anita Duty:** Dollie Belcher is Dollie Absher.

18 **Paul Kugelman:** So, that's her former name, that's her maiden name....Belcher?

19 **Anita Duty:** That's her former, I think that's her former married name, but I'm not positive.

20 **Paul Kugelman:** Okay.

21 **Anita Duty:** Dollie Belcher is not her current...

22 **Paul Kugelman:** Current name.

23 **Anita Duty:** No.

24 **Paul Kugelman:** Okay.

25 **Bradley Lambert:** Any other questions from the Board? [No response] Anything further, Mr.  
26 Swartz?

27 **Mary Quillen:** Just one little question to clarify that. Her legal name now and what you have  
28 on record is Absher, right?

1 **Anita Duty:** When we requested a W-9, she provided her information to us and let us know that  
2 she is married and her name is Absher.

3 **Mary Quillen:** Absher. Okay.

4 **Bradley Lambert:** Just wanted to clear that up for the record. Any other questions from the  
5 Board? [No response] Anything further, Mr. Swartz?

6 **Mark Swartz:** No.

7 **Bradley Lambert:** Do I have a motion?

8 **Bill Harris:** Motion to approve.

9 **Bruce Prather:** Second.

10 **Bradley Lambert:** I have a motion and a second. Any further discussion?

11 **Mary Quillen:** We are voting on paying these people directly, correct?

12 **Bradley Lambert:** Yes, going forward pay them directly.

13 **Mark Swartz:** Yes.

14 **Mary Quillen:** That's all.

15 **Bradley Lambert:** Okay.

16 **Bill Harris:** That was my understanding, in making the motion, that it would be paying them  
17 directly.

18 **Bradley Lambert:** Any other discussion? [No response] All in favor signify by saying 'yes.'

19 **Board:** Yes.

20 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That's approved.

21 **Item Number 10**

22 **Bradley Lambert:** We're calling Docket Item Number 10. A petition from CNX Gas  
23 Company, LLC, for refund of escrow payments heretofore deposited with the Board's Escrow  
24 Agent; Reimburse overpayment of funds deposited with the Board's Escrow Agent attributable to  
25 unit EE33 to CNX Gas Company, LLC.; the disbursement of escrowed funds heretofore  
26 deposited with the Board's escrow agent attributable to tracts 2C & 2D as depicted upon the  
27 annexed Table 1; and authorization to begin paying royalties directly to the parties of the royalty  
28 split agreement between Swords Creek Land Partnership and Jackie Richardson and Phyllis

1 Richardson, as well as authorization to begin paying royalties directly to the prevailing parties;  
2 Dollie S. Absher. Docket Number VGOB 02-0820-1054-02. All parties wishing to testify  
3 please come forward.

4 **Mark Swartz:** Mark Swartz and Anita Duty.

5 **Bradley Lambert:** You may proceed, Mr. Swartz.

6 **Mark Swartz:** Thank you. Anita, you're still under oath, right?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** You need to state your name for us, again.

9 **Anita Duty:** Anita Duty.

10 **Mark Swartz:** Who do you work for this time?

11 **Anita Duty:** CNX Land, LLC.

12 **Mark Swartz:** Okay. And this is another petition for disbursement, correct?

13 **Anita Duty:** It is.

14 **Mark Swartz:** And it pertains to what drilling unit?

15 **Anita Duty:** EE33.

16 **Mark Swartz:** Okay. Before the disbursement can be made, there needs to be a refund to the  
17 operator, correct?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Can you tell the Board what happened that would require that?

20 **Anita Duty:** When the initial well was set up, there was a disbursement that came after that.  
21 For some reason, internally, we did not update and reduce the First Bank and Trust and put those  
22 parties on direct pay. That initial escrowed amount continued to be paid into escrow. When the  
23 second well came online, I guess they realized that something was missed and they corrected it.  
24 That's the reason there hasn't been a deposit into the account because it's in a recoupment status,  
25 since that second well came online.

26 **Paul Kugelman:** Question.

27 **Bradley Lambert:** Mr. Kugelman.



1 **Paul Kugelman:** Was there a double payment here? Were the royalties going directly to these  
2 people and into the escrow account or just into the escrow account?

3 **Anita Duty:** Just into the escrow account. They were never placed on direct pay. So, what  
4 we've done is we've corrected that and placed them on direct pay. In the meantime, we've  
5 overpaid the escrow account because we've kind of paid both.

6 **Paul Kugelman:** So, the operator has paid royalties to the people direct pay in error at 100%  
7 now... is what you're representing to the Board here?

8 **Anita Duty:** Correct, from the prior disbursement.

9 **Paul Kugelman:** Okay. So, there is a double payment. Is that correct, Mr. Swartz?

10 **Mark Swartz:** It eventually became a double payment.

11 **Paul Kugelman:** Right. It is now.

12 **Mark Swartz:** Yes.

13 **Paul Kugelman:** That's the question. Thank you.

14 **Mark Swartz:** Just to summarize, I think, what....correct me if I'm wrong here. It took a while  
15 to discover the mistake and for that period of time there was not a double payment. One  
16 payment was going to the escrow agent. Once the mistake was discovered, they caught up with  
17 the people they should have been paying, but they had still left the money in escrow. At that  
18 point, there became a double payment.

19 **Paul Kugelman:** And there's no arrearage by the operator, correct? To these people?

20 **Mark Swartz:** Correct.

21 **Paul Kugelman:** Okay. That's what I just want to make sure of.

22 **Mark Swartz:** But, the double payment wasn't immediate.

23 **Paul Kugelman:** I understand. Thank you for making that clear.

24 **Mark Swartz:** Okay. Have you then calculated the portion of the escrow account in the dollars  
25 and cents amount, as opposed to a percentage amount, that should come back to the operator  
26 before the disbursement is made to close out this account?

27 **Anita Duty:** Correct.

28 **Mark Swartz:** Okay. And you have reported that in a table, I assume?

29 **Anita Duty:** We have.

1 **Mark Swartz:** Would that be Table 1?

2 **Anita Duty:** Yes, I think there's a Table 1 and a Table 2.

3 **Mark Swartz:** Okay. And Table 1 is the table that deals with the amount of the eventual double  
4 payment that needs to be re-paid to the operator, correct?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And, then, Table 2 is the amount that needs to be disbursed to owners?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Okay. So, let's start with Table 1. What is the amount, at this point, an  
9 overpayment into this escrow account that needs to be paid out to CNX?

10 **Anita Duty:** It's \$21, 236.28.

11 **Mark Swartz:** And the Escrow Agent should actually use that amount when cutting that check?

12 **Anita Duty:** Yes.

13 **Mark Swartz:** As opposed to some percentage?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** And then we go to Table 2. What tracts are subject to this disbursement?

16 **Anita Duty:** Tracts 2C and 2D.

17 **Mark Swartz:** Could you identify the people that are to receive the disbursements with regard  
18 to 2C?

19 **Anita Duty:** For Tract 2C, Swords Creek should receive 0.4751%. Jackie Richardson should  
20 receive 0.4751%. Swords Creek should receive an additional 0.4751% and Phyllis Richardson  
21 should receive 0.4751%.

22 **Mark Swartz:** When those payments are made, the escrow agent should actually use the  
23 percentage that you've just reported at the time the disbursement is made?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Now, with regard to Tract 2D. Who receives that payment?

26 **Anita Duty:** Dollie Absher should receive 98.0998% of the escrow account.

27 **Mark Swartz:** Again, when that payment is made to Dollie Absher, the escrow agent should  
28 actually use the percentage and apply it at the time the payment is made?

1    **Anita Duty:** Yes.

2    **Mark Swartz:** The wells contributing to this escrow account are which wells?

3    **Anita Duty:** EE33 and EE33A.

4    **Mark Swartz:** Did you do a comparison of deposits booked by the escrow agents to what the  
5    operator had paid in over the years?

6    **Anita Duty:** Yes.

7    **Mark Swartz:** And when you did that, what was the date as of which you made the  
8    comparison?

9    **Anita Duty:** July 31, 2014.

10   **Mark Swartz:** And did you account for a prior disbursement?

11   **Anita Duty:** Yes.

12   **Mark Swartz:** Interest and fees?

13   **Anita Duty:** Yes.

14   **Mark Swartz:** Okay. After you did that, how close were you, in terms of agreeing between the  
15   checks tendered and the balance as of that date?

16   **Anita Duty:** We had an overage of \$19.80.

17   **Mark Swartz:** There was a little bit more in the account?

18   **Anita Duty:** Yes.

19   **Mark Swartz:** And that would be, again, a fee and interest issue?

20   **Anita Duty:** Yes, I'm assuming.

21   **Mark Swartz:** Because you found all of your deposits?

22   **Anita Duty:** We did.

23   **Mark Swartz:** Okay. There are actually two different reasons for the disbursements. We've got  
24   a court order that pertains to Dollie Absher, right?

25   **Anita Duty:** Yes.

26   **Mark Swartz:** And then we have, with regards to Swords Creek and the Richardsons, we have  
27   Split Agreements?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** And have you actually reviewed the Split Agreement?

3 **Anita Duty:** I have.

4 **Mark Swartz:** And is it a 50/50?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** I take it, this is the same court case that we spoke about in the last hearing?

7 **Anita Duty:** It is.

8 **Mark Swartz:** Okay. And you've seen that?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** After these disbursements, the refund is made to CNX and the disbursements are  
11 made to the folks in Table 2, will there be any need to maintain this escrow account?

12 **Anita Duty:** No, it should be closed.

13 **Mark Swartz:** At that point?

14 **Anita Duty:** Yes.

15 **Mark Swartz:** Then, obviously, you're going to be paying these folks directly, hopefully, once  
16 that happens?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Okay. That's all I have, Mr. Chairman.

19 **Bradley Lambert:** Any questions from the Board?

20 **Donnie Ratliff:** Mr. Chairman.

21 **Bradley Lambert:** Mr. Ratliff.

22 **Donnie Ratliff:** The letter that was faxed after the meeting started, from Shea Cook to represent  
23 Dollie Absher, does that apply to this well, also?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** In theory.

26 **Paul Kugelman:** The letter doesn't even identify what docket number he's talking about.

1 **Bradley Lambert:** Any other questions from the Board?

2 **Mary Quillen:** Just to clarify, this one will be paying Dollie Absher directly?

3 **Mark Swartz:** Right. We don't have a Power of Attorney. Yes.

4 **Mary Quillen:** I just want that clarified. Thank you.

5 **Bradley Lambert:** Any other questions? [No response] Anything further, Mr. Swartz?

6 **Mark Swartz:** No.

7 **Bradley Lambert:** Do I have a motion?

8 **Mary Quillen:** Motion to approve.

9 **Bruce Prather:** Second.

10 **Bradley Lambert:** I have a motion and a second. Any further discussion? [No response] All

11 in favor signify by saying 'yes.'

12 **Board:** Yes.

13 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. Approved.

14 **Item Number 11**

15 **Bradley Lambert:** We're calling Docket Item Number 11. A petition from CNX Gas

16 Company, LLC, for re-pooling of Unit AZ143. This is Docket Number VGOB 08-0115-2122-

17 01. All parties wishing to testify please come forward.

18 **Mark Swartz:** Mark Swartz and Anita Duty.

19 **Bradley Lambert:** You may proceed, Mr. Swartz.

20 **Mark Swartz:** Anita, you're still under oath?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Would you state your name for us?

23 **Anita Duty:** Anita Duty.

24 **Mark Swartz:** Who do you work for?

25 **Anita Duty:** CNX Land, LLC.

1 **Mark Swartz:** Did you prepare or supervise the preparation of the pooling application and the  
2 notices and exhibits that pertain to this application?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And it's an application to re-pool?

5 **Anita Duty:** It is.

6 **Mark Swartz:** What has caused the need to re-pool this unit?

7 **Anita Duty:** There was a mapping change in the lower, southern corner.

8 **Mark Swartz:** Southeast corner?

9 **Anita Duty:** Southeast corner, yes.

10 **Mark Swartz:** Basically, the changes pertain to a tract, if I can find the map here for a second....  
11 If we look at the plat, there is a tract that's been divided into 2A, 2B and 2C and that's,  
12 essentially, the focus of where the changes occurred?

13 **Anita Duty:** It is.

14 **Mark Swartz:** And the changes were mapping. It wasn't agreements or discovering new  
15 people, necessarily. Correct?

16 **Anita Duty:** Correct.

17 **Mark Swartz:** Did another piece of a tract move into the unit because of the mapping changes?

18 **Anita Duty:** 2C.

19 **Mark Swartz:** 2C did, which is that tiny little bit in the very southeast corner.

20 **Anita Duty:** It is.

21 **Mark Swartz:** Okay. What field is this unit in?

22 **Anita Duty:** This is the Middle Ridge field.

23 **Mark Swartz:** How many acres are in this unit?

24 **Anita Duty:** 58.74.

25 **Mark Swartz:** And this unit was originally pooled in what year?

26 **Anita Duty:** 2008.

1 **Mark Swartz:** Okay. And what interest have you been able to acquire and what interest are  
2 you seeking to re-pool?

3 **Anita Duty:** We have acquired 100% of the coal owners' claim to CBM, 93.684 % of the oil  
4 and gas owners' claim to CBM and we're seeking to pool 6.316% of the oil and gas owners'  
5 claim to CBM.

6 **Mark Swartz:** Okay. What did you do to notify people that we would be having a hearing  
7 today, with regard to this re-pooling?

8 **Anita Duty:** Mailed the notice and location map by certified mail, return receipt requested on  
9 October 17, 2014, and published the notice and location map in the *Bluefield Daily Telegraph* on  
10 October 21, 2014.

11 **Mark Swartz:** And have you previously filed those certificates of publication and your proofs,  
12 with regard to mailing, with the DGO?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Do you want to add any respondents today?

15 **Anita Duty:** No.

16 **Mark Swartz:** Do you want to dismiss any people today?

17 **Anita Duty:** Yes, we do. We want to dismiss Richlands Coal Company. We have a coal lease.  
18 We should have never shown that on there as being unleased.

19 **Mark Swartz:** Can you distribute that to the Board? Mr. Cooper is providing the Board with an  
20 Exhibit B2, which is a new exhibit.

21 **Anita Duty:** Yes.

22 **Mark Swartz:** On which you list some folks that you have leased that can be withdrawn or  
23 dismissed from this application.

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Also, because of that, you have revised the Exhibit B3 which is a list of folks  
26 that we're re-pooling?

27 **Anita Duty:** Yes.

28 **Mark Swartz:** Okay. So, they had a B3 before, but that's been revised and Exhibit B2 a new  
29 exhibit?

30 **Anita Duty:** It is.

1 **Mark Swartz:** Other than dismissing the folks identified, or the companies identified, on  
2 Exhibit B2, do you want to dismiss anyone else?

3 **Anita Duty:** No.

4 **Mark Swartz:** And you don't need to add anyone?

5 **Anita Duty:** No. We did upload that to e-Forms. We just did it yesterday.

6 **Mark Swartz:** Okay.

7 **Anita Duty:** We just found that yesterday.

8 **Bradley Lambert:** The exhibits they've just handed out?

9 **Anita Duty:** They were uploaded, too.

10 **Paul Kugelman:** They were uploaded yesterday, you said? I'm sorry.

11 **Anita Duty:** Yes.

12 **Mark Swartz:** The acres in this unit, again?

13 **Anita Duty:** 58.74.

14 **Mark Swartz:** Okay. In what county is it located?

15 **Anita Duty:** Tazewell County.

16 **Mark Swartz:** How many wells are in this unit?

17 **Anita Duty:** Two.

18 **Mark Swartz:** It looks like they're depicted on the plat, correct?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And they're both located within the drilling window of this unit?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** I need to talk to you some about the applicant and operator. Who's the applicant  
23 here?

24 **Anita Duty:** CNX Gas.

25 **Mark Swartz:** Is CNX Gas requesting that it also be appointed operator for this unit?

26 **Anita Duty:** Yes.



1 **Mark Swartz:** Or re-appointed as the operator, I guess?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** Okay. To recap, the operator is a Virginia Limited Liability Company?

4 **Anita Duty:** It is.

5 **Mark Swartz:** And it's been authorized to do business and continues to be authorized to do  
6 business in the Commonwealth?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** CNX has registered with the Department of Gas and Oil?

9 **Anita Duty:** It has.

10 **Mark Swartz:** And in the Division of Mines, Minerals and Energy?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And it has a blanket bond on file?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** With regard to this unit, virtually all of it has been leased. But, with regard to  
15 the little bit that isn't leased, what would be your standard lease terms that you would propose to  
16 the Board?

17 **Anita Duty:** Five dollars per acre per year, with a five-year paid up term and one-eighth royalty.

18 **Mark Swartz:** And these wells in this unit are both frac wells?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** And have you provided cost information?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** With regard to the two wells, what are the respective costs?

23 **Anita Duty:** AZ-143 cost \$242,569.93. Estimated depth is 2,299 feet. Permit Number 8761.  
24 AZ-143A-\$365,753. Estimated depth is 2,440 feet. It's not permitted, yet.

25 **Mark Swartz:** AZ-143, that's the estimate from back in 2008, right?

26 **Anita Duty:** It is.

27 **Mark Swartz:** And, you're adding a well, which would be the 365, I take it?

1 **Anita Duty:** Yes.

2 **Mark Swartz:** Have you provided cost estimates for both of those?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** And you only have a permit for the first well?

5 **Anita Duty:** Correct.

6 **Mark Swartz:** Is there an escrow requirement here?

7 **Anita Duty:** There is.

8 **Mark Swartz:** Okay. And have you provided the Board with an Exhibit E, in that respect?

9 **Anita Duty:** Yes.

10 **Mark Swartz:** There are no split agreements, as far as you know?

11 **Anita Duty:** No.

12 **Mark Swartz:** So, there's no Exhibit EE?

13 **Anita Duty:** No.

14 **Mark Swartz:** Is the drilling of an additional well in the drilling window of this unit, in your  
15 opinion, a reasonable step to take to produce additional coalbed methane from this unit?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** Is it your opinion that, if you combine a re-pooling order with regard to the  
18 respondents listed in B3 with the leases and acquisitions that the operator has acquired, the  
19 correlative rights of all people having interest in this unit will be protected?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** With regard to, as we often address this issue, who would have a right to an  
22 election on this re-pooling? Could you identify those people for us?

23 **Anita Duty:** It would be Tracts 2B and 2C. For 2B, it's M. M. Strouth and 2C is Danny  
24 Clevinger.

25 **Mark Swartz:** Would get new election rights?

26 **Anita Duty:** Right. That's another thing that we changed on this. We had previously shown  
27 that Tract 2C as unknown. We've now identified.

1 **Mark Swartz:** In terms if it's re-pooled, those would be the folks that you just named who  
2 would get a new election because their percentages have changed, right?

3 **Anita Duty:** Yes.

4 **Mark Swartz:** I believe that's all I have, Mr. Chairman.

5 **Bradley Lambert:** Any questions from the Board? Ms. Duty, there's no change in the map. 2C  
6 has always been 2C. There's just a change of that you now know who the owners are?

7 **Anita Duty:** Originally, that tract was shown as Tract 3 and it was 0.38 acres. Now, we're  
8 showing that that 0.38 acres goes actually into Tract 2B. So, 2C is actually just .02 acres, now.  
9 There was a line change in that tract, between those tracts.

10 **Bradley Lambert:** So, there has been a change in the plat from the original?

11 **Anita Duty:** Yes.

12 **Bradley Lambert:** Okay. Any other questions from the Board?

13 **Mary Quillen:** Just one question. Out of curiosity, how did you discover this teeny, tiny, little  
14 speck? GPS?

15 **Anita Duty:** I'm sure that's what it was. We always have a title update when we're planning on  
16 drilling a second well on the unit and I'm sure that and field work and things like that caused  
17 the.....plus, we wanted to identify the owner.

18 **Mary Quillen:** Right. Thank you.

19 **Bradley Lambert:** Any other questions? [No response] Anything further, Mr. Swartz?

20 **Mark Swartz:** No.

21 **Bradley Lambert:** Do I have a motion?

22 **Bill Harris:** Motion for approval.

23 **Bruce Prather:** Second.

24 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
25 response] All in favor signify by saying 'yes.'

26 **Board:** Yes.

27 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. Approved.

**Item Number 12**

**Bradley Lambert:** We're calling Docket Item Number 12. A petition from CNX Gas Company, LLC, for re-pooling of Unit O40. This is Docket Number VGOB 93-0420-0361-04. All parties wishing to testify please come forward.

**Mark Swartz:** Mark Swartz and Anita Duty.

**Bradley Lambert:** You may proceed, Mr. Swartz.

**Mark Swartz:** Thank you. I would like to incorporate Anita's testimony with regard to her employment, the operator and standard lease terms, if I could.

**Bradley Lambert:** Accepted.

**Mark Swartz:** Thank you. Anita, can you state your name for us, again?

**Anita Duty:** Anita Duty.

**Mark Swartz:** I'm going to remind you that you're still under oath.

**Anita Duty:** Yes.

**Mark Swartz:** Who do you work for?

**Anita Duty:** CNX Land, LLC.

**Mark Swartz:** Okay. Did you either prepare or supervise the preparation of this application, the notice and the related exhibits?

**Anita Duty:** I did.

**Mark Swartz:** And, you signed the notice and the application yourself?

**Anita Duty:** Yes.

**Mark Swartz:** This pertains to what unit?

**Anita Duty:** O40.

**Mark Swartz:** And are we seeking to re-pool that unit?

**Anita Duty:** Yes.

**Mark Swartz:** What kind of unit is it?

**Anita Duty:** It's an Oakwood.

**Mark Swartz:** How many acres?

1    **Anita Duty:** 80.

2    **Mark Swartz:** And it's actually been both an Oakwood I and an Oakwood II?

3    **Anita Duty:** Yes.

4    **Mark Swartz:** Okay. This unit was originally pooled in what year?

5    **Anita Duty:** In 1993.

6    **Mark Swartz:** What did you do to notify the respondents that we were going to have a hearing  
7    today?

8    **Anita Duty:** We mailed by certified mail, return receipt requested on October 17, 2014,  
9    published the notice and location map in the *Bluefield Daily Telegraph* on October 22, 2014.

10   **Mark Swartz:** And have you previously provided that information to the Division of Gas and  
11   Oil?

12   **Anita Duty:** Yes.

13   **Mark Swartz:** Okay. What county is this located in?

14   **Anita Duty:** Buchanan.

15   **Mark Swartz:** What interest have you acquired as operator and what interest are you seeking to  
16   pool on this re-pooling?

17   **Anita Duty:** We have acquired 99.9906% of the coal owners' claim to CBM, 98.7682% of the  
18   oil and gas owners' claim to CBM. Seeking to pool 0.0094% of the coal owners' claim and  
19   1.2318% of the oil and gas owners' claim.

20   **Mark Swartz:** The reason for this re-pooling was what?

21   **Anita Duty:** There were mapping corrections. One of the reasons is J. C. Franks was working  
22   with our mapping department and had several meetings with them and they came to an  
23   agreement, mostly in areas where his property was mapped incorrectly.

24   **Mark Swartz:** There was one line that was sort of an issue.

25   **Anita Duty:** Right. It goes horizontal across the property.

26   **Mark Swartz:** If we look at the plat, let's see if we can point that line out to the Board. Is that  
27   the one that runs right through the center?

28   **Anita Duty:** Yes.

1 **Mark Swartz:** If you all look at the plat map that we've provided, just to the North of the two  
2 well locations, there is a line that runs from East to West across the drilling window, sort of in  
3 the middle of it. Is that the line we're talking about, here?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Mr. Franks and your company and others have been talking about that line for  
6 quite some time and have finally resolved where it ought to be.

7 **Anita Duty:** They have.

8 **Mark Swartz:** As a result of that, this unit then required to be re-pooled.

9 **Anita Duty:** Correct. There were other changes within there, too. Just because of new  
10 technology.

11 **Mark Swartz:** But, just standing alone, that would have required...?

12 **Anita Duty:** Yes, that would have.

13 **Mark Swartz:** I think we're also, as long as we're here, I think we're making one trip and  
14 seeking to add a well? Am I right?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Okay. What were some of the other issues that came up with regard to re-  
17 pooling?

18 **Anita Duty:** What they had done is just look at the unit, as a whole, and there were some.....like  
19 the issue with Tract 3, the original map was pretty generic as far as what our technology is today  
20 of how we map. So, we needed to map this unit and the map below it to correct the issues.

21 **Mark Swartz:** So, Tract 3 is still in this unit, but it has been moved, substantially, to the south  
22 as compared to the first plat?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** And that would be another reason to have done this?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** Okay. With regard to these changes, before we kind of get back to some of the  
27 basic information that we always have, who are the people that would be entitled to a new  
28 election because of percentage changes here?

29 **Anita Duty:** I think we're, pretty much, just going to do the whole unit.

1 **Mark Swartz:** Say what?

2 **Anita Duty:** I think we'll just do the whole unit.

3 **Mark Swartz:** So, you need to tell the Board that, then.

4 **Anita Duty:** We're just going to give elections to the entire unit. There were just so many  
5 different things that, different changes. Even though, maybe the acreage didn't change, the tract  
6 identification was different. It would be hard for a landowner to follow the old versus the new,  
7 so we're just doing new elections for the entire unit.

8 **Bradley Lambert:** Election rights for everybody?

9 **Anita Duty:** Yes.

10 **Bradley Lambert:** Okay.

11 **Mark Swartz:** Have you provided cost estimates with regard to the two wells that are shown on  
12 the plat?

13 **Anita Duty:** Yes.

14 **Mark Swartz:** Would you read those numbers into the record?

15 **Anita Duty:** For Well 605, the cost previously used was \$188,504.89, depth of 1,502.63 feet.  
16 Permit number 2186. For O40A, the estimated cost \$291,166, depth 1,850 feet. Permit number  
17 10374.

18 **Mark Swartz:** Well 605, that estimate was back in March 1993, when this was originally  
19 pooled?

20 **Anita Duty:** Yes.

21 **Mark Swartz:** The second well estimate for O40A was October of this year?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** Both of these wells have been drilled?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** And the plat shows they are both in the drilling window, correct?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** Then, we've got an escrow requirement on a number of tracts?

28 **Anita Duty:** Yes.

1    **Mark Swartz:** What are those tracts?

2    **Anita Duty:** 1B, 1C, 1D, 3, 4, 5A, 5E, 5F and 5H.

3    **Mark Swartz:** Have you provided the Board with an Exhibit E with regard to escrow?

4    **Anita Duty:** Yes.

5    **Mark Swartz:** Are there any split agreements pertaining to this tract?

6    **Anita Duty:** Yes, Tract 1A, 5B, 5C, 5D and 5G.

7    **Mark Swartz:** All those tracts have some split agreement impact?

8    **Anita Duty:** Yes.

9    **Mark Swartz:** Have you provided an Exhibit EE, listing the tracts that have split agreements  
10 that you're aware of?

11   **Anita Duty:** Yes.

12   **Mark Swartz:** Within the escrow, is there a requirement of escrow in addition to what you've  
13 just reported because of some unknowns?

14   **Anita Duty:** Yes, in 1D.

15   **Mark Swartz:** 1D. Okay. Just to be sure that this is on everyone's radar, this is an Oakwood II  
16 unit and these wells are in a panel?

17   **Anita Duty:** Yes.

18   **Mark Swartz:** Okay. That is accounted for in the exhibits you've provided with regard to, for  
19 example, Exhibit E. You're showing a division of interest in one east panel?

20   **Anita Duty:** Yes.

21   **Mark Swartz:** For the people in the unit and that's how the royalties are being attributed?

22   **Anita Duty:** Yes.

23   **Mark Swartz:** Okay. Is it your opinion that drilling a second well in this unit was a reasonable  
24 step to take to maximize the production of coalbed methane from this unit?

25   **Anita Duty:** Yes.

26   **Mark Swartz:** And is it your opinion that, if you combine a re-pooling order with the leases and  
27 other contracts that the applicant has acquired, that the correlative rights of everyone in this unit,  
28 to the coalbed methane, will be protected?



1 **Anita Duty:** Yes.

2 **Mark Swartz:** I think that's all I have, Mr. Chairman.

3 **Bradley Lambert:** Any questions from the Board?

4 **Donnie Ratliff:** Yes, on Exhibit B, Mr. Chairman.

5 **Bradley Lambert:** The exhibits that we have, or the docket items that we have, beginning on  
6 Exhibit B. We're talking about Tracts 1A, go down to C and 1A, Cora Metcalf Frank Estates.  
7 The interest in the unit is 1,639,172.5875%.

8 **Anita Duty:** I see that.

9 **Bradley Lambert:** There are several of those throughout that exhibit that are the same way.

10 **Anita Duty:** It looks like we have a formula issue.

11 **Bradley Lambert:** There are several in that exhibit that show that.

12 **Anita Duty:** We can correct that and upload a new one.

13 **Bradley Lambert:** Do you have that in your copy, Mr. Cooper?

14 **Rick Cooper:** We do. We have the error that you're talking about.

15 **Bradley Lambert:** Okay.

16 **Donnie Ratliff:** There are about five of them.

17 **Rick Cooper:** Yes.

18 **Bradley Lambert:** On our docket, it's page 10.

19 **Mark Swartz:** Let me see if we've got the same problem on Exhibit E, as well.

20 **Bradley Lambert:** Oh, I'm sorry.

21 **Anita Duty:** I think the problem is that, until we were required to, we never submitted an  
22 Exhibit B because our Exhibit B that we use internally has a lot of notes. It has our leases on it.  
23 It has a lot of things on there. We take that exhibit and create the one that you want us to upload.  
24 I think, probably once we took out the things that we didn't want to show, it most likely caused  
25 an error in our formula. So, our original one that we have with all the notes on it is okay. We  
26 have leases from the Franks Estate.

27 **Bradley Lambert:** You're saying it's our computer program.

1 **Anita Duty:** No, I didn't say that. I'm taking blame for it. I'm just saying that I think it was  
2 where we created the "B" that we upload, when we've deleted some lines and things, we've  
3 probably caused a formula error in our exhibit. But, we can upload a new one.

4 **Bradley Lambert:** They'll need to upload that.

5 **Rick Cooper:** You need to upload it, if you could, by tomorrow.

6 **Anita Duty:** We will.

7 **Mary Quillen:** That will be the Exhibit B and E?

8 **Mark Swartz:** E looks good. Anita, it appears to me that the big numbers all pertain to the  
9 Franks Estate.

10 **Anita Duty:** It does appear that way.

11 **Mark Swartz:** What's the status of the Franks Estate, in terms of whether you have all of them  
12 leased or not?

13 **Anita Duty:** They're all leased.

14 **Mark Swartz:** So, that error is with people that we have a lease with. As far as we can tell  
15 today, it looks like the change in percentages in acres only pertains to people within the Franks  
16 group.

17 **Anita Duty:** Correct.

18 **Mark Swartz:** That we have a lease for.

19 **Anita Duty:** And they also have royalty agreements.

20 **Mark Swartz:** We're not pooling people that we have bad numbers for?

21 **Anita Duty:** Correct.

22 **Mark Swartz:** Okay. But, we can upload a corrected version of that to straighten out the  
23 Franks numbers.

24 **Anita Duty:** We will do that.

25 **Mark Swartz:** Good catch.

26 **Bill Harris:** Mr. Chairman, there is one more on page 12. It's with Consol Buchanan Mining.  
27 That's also up at the top.

28 **Mark Swartz:** A big number?

1 **Bill Harris:** It's also a big number.

2 **Mark Swartz:** Let me look at that.

3 **Bill Harris:** It's also page 3 of 22, but it says page 12 on our Docket. Exhibit B, Unit O40.

4 **Mark Swartz:** What was the other page, Mr. Harris?

5 **Bill Harris:** I think 10 is what originally prompted the question, but 11 has some errors, the  
6 same type of error.

7 **Mark Swartz:** Right. We will get that also, with regard to CNX, that same sort of issue. We'll  
8 get that straightened out on there.

9 **Anita Duty:** I will double check the other exhibits, but I don't think there's a problem with  
10 those. How we create the "B," I think, is what's caused our problem.

11 **Bradley Lambert:** Okay. Any other questions from the Board? [No response] Anything  
12 further, Mr. Swartz?

13 **Mark Swartz:** No.

14 **Bradley Lambert:** Do I have a motion?

15 **Donnie Ratliff:** Motion to approve, with the amended Exhibit B.

16 **Bradley Lambert:** I have a motion. Do I have a second?

17 **Mary Quillen:** Second.

18 **Bradley Lambert:** Any further discussion?

19 **Bill Harris:** Mr. Chairman, there is one other on page 20 that I found. You're going to go  
20 through that?

21 **Anita Duty:** I'm going to go through the whole exhibit.

22 **Bill Harris:** Okay. Thank you. I'm sorry to interrupt the motion.

23 **Bradley Lambert:** It's okay. So, I have a motion and I have a second to approve, based upon  
24 the re-submittal of Exhibit B and approval by Mr. Cooper and staff of the updated Exhibit B. All  
25 in favor signify by saying 'yes.'

26 **Board:** Yes.

27 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That's approved.

28 **Mark Swartz:** Thank you.

**Item Number 13**

**Bradley Lambert:** We're calling Docket Item Number 13. A petition from CNX Gas Company, LLC, for re-pooling of Unit O41 in the Oakwood CBM field. This is Docket Number VGOB 93-0420-0362-03. All parties wishing to testify please come forward.

**Mark Swartz:** Mark Swartz and Anita Duty.

**Bradley Lambert:** You may proceed, Mr. Swartz.

**Mark Swartz:** Thank you. I would like to incorporate the testimony with regard to the operator and applicant, standard lease terms and Ms. Duty's employment.

**Bradley Lambert:** Accepted.

**Mark Swartz:** Thank you. Anita, would you state your name for us, again?

**Anita Duty:** Anita Duty.

**Mark Swartz:** You're still under oath?

**Anita Duty:** Yes.

**Mark Swartz:** Okay. This petition pertains to what unit?

**Anita Duty:** O41.

**Mark Swartz:** And, what field is that in?

**Anita Duty:** Oakwood I & II.

**Mark Swartz:** Which would mean that there are some panels under these wells?

**Anita Duty:** Yes.

**Mark Swartz:** Okay. This is an application to re-pool this unit?

**Anita Duty:** Yes.

**Mark Swartz:** What caused that to be required?

**Anita Duty:** The same issues from the prior application.

**Mark Swartz:** That same line is in this unit?

**Anita Duty:** I don't know that it is.

**Mark Swartz:** Let's look at that.

1 **Anita Duty:** Some of the tracts to the south that changed in the Oakwood...

2 **Mark Swartz:** So, this is to the south? Looking at the plat of this 80-acre unit, does it...

3 **Anita Duty:** It's to the east. I'm sorry.

4 **Mark Swartz:** What is it that moved around here?

5 **Anita Duty:** That same line does extend into this unit, over in this part, in the far western side.

6 **Mark Swartz:** So, on the western side of this unit, the line that we were talking about in the last  
7 case, actually comes into this unit and was moved to some extent?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Therefore, changed acreages and percentages and that's at least one of the  
10 reasons we're here?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** Were there any other changed in this unit, other than that line, that come to mind  
13 at the moment? It looks like everything is pretty much over in that area.

14 **Anita Duty:** It is. All the changes are over in the western corner.

15 **Mark Swartz:** Okay. This O41 unit was originally pooled in what year?

16 **Anita Duty:** 1993.

17 **Mark Swartz:** Okay. And what county is it in?

18 **Anita Duty:** Buchanan.

19 **Mark Swartz:** We've already said it's an Oakwood Unit I & II. How many acres?

20 **Anita Duty:** 80.

21 **Mark Swartz:** The plat that you provided to the Board shows three wells, correct?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** One almost in the center of the drilling unit, one off to the east of the window,  
24 correct?

25 **Anita Duty:** Yes.

26 **Mark Swartz:** And then one, it looks like the original well, right up at the very northern?

27 **Anita Duty:** Yes.

1 **Mark Swartz:** Okay. The CBM 607?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** As long as we're talking about wells, have you provided cost estimates for all  
4 three of those wells?

5 **Anita Duty:** Yes.

6 **Mark Swartz:** And, with regard to the original wells, did you use the numbers that were on the  
7 table when it was originally pooled in 1993?

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Then, we've got a third well that we have an estimate from October of this year.  
10 Is that correct?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** How many of these wells are permitted?

13 **Anita Duty:** All of them.

14 **Mark Swartz:** How many are drilled?

15 **Anita Duty:** All three.

16 **Mark Swartz:** Okay. Again, we're talking about wells that penetrate long wall panels, right?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** Okay. What interest have you acquired and what are you seeking to pool, here?

19 **Anita Duty:** We've acquired 99.877% of the coal owners' claim to CBM, 97.7741% of the oil  
20 and gas owners' claim to CBM. Seeking to pool 0.123% of the coal owners' claim and 2.2259%  
21 of the oil and gas owners' claim.

22 **Mark Swartz:** In that regard, what did you do to notify people that this unit was being re-  
23 pooled and that their interest might be affected?

24 **Anita Duty:** Notified by return receipt October 17, 2014, and published the notice and location  
25 map in the *Bluefield Daily Telegraph* on October 22, 2014.

26 **Mark Swartz:** And have you filed the certificate of publication that you got from the newspaper  
27 and your certificates and proofs with regard to mailing with the division?

28 **Anita Duty:** Yes.

1 **Mark Swartz:** In advance of today?

2 **Anita Duty:** Yes.

3 **Mark Swartz:** Okay. Does this unit require escrow?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And have you provided a revised Exhibit E?

6 **Anita Duty:** Yes.

7 **Mark Swartz:** And what tracts have you indicated in that exhibit need to be escrowed? As you  
8 go through that list, could you tell the Board the tracts that actually also have escrow  
9 requirements because of unknowns?

10 **Anita Duty:** Escrow for CBM claim is 2A, 2B, 2C, 2D, 3A, 3C and 3D. Then, in addition, for  
11 unknowns is 2C and 3D.

12 **Mark Swartz:** Are there split agreements that pertain to this unit?

13 **Anita Duty:** Yes, for Tracts 2E and 3B.

14 **Mark Swartz:** Have you provided an Exhibit EE with regard to the split agreements?

15 **Anita Duty:** Yes.

16 **Mark Swartz:** Obviously, you've listed the ones that you're aware of?

17 **Anita Duty:** Yes.

18 **Mark Swartz:** There might be others, but we don't know?

19 **Anita Duty:** Yes.

20 **Mark Swartz:** Okay. Is the development plan that's disclosed by the plat and the cost estimates  
21 a reasonable plan to develop coalbed methane within this unit in conjunction with mining?

22 **Anita Duty:** Yes.

23 **Mark Swartz:** And, if you combine the leases that the operators obtained and the other interest  
24 that you've obtained with a re-pooling order here, will the correlative rights for all claimants in  
25 this unit be protected?

26 **Anita Duty:** Yes.

27 **Mark Swartz:** Do you want to add or dismiss any respondents today?

1 **Anita Duty:** No.

2 **Mark Swartz:** I believe that's all I have, Mr. Chairman.

3 **Bradley Lambert:** Any questions from the Board?

4 **Donnie Ratliff:** Mr. Chairman.

5 **Bradley Lambert:** Mr. Ratliff.

6 **Donnie Ratliff:** You've got the same formula problems on the Franks Estate in Exhibit B on 2B,  
7 2C, 2D, 2E and CNX on 2A, 2B, 2C and 2E.

8 **Mark Swartz:** I'm astonished that Mr. Franks hasn't pointed that out to us. Aren't you?

9 **Anita Duty:** He called me right after he received it.

10 **Mark Swartz:** You'll get those straightened out here, as well.

11 **Anita Duty:** We will and upload them.

12 **Mark Swartz:** Obviously, we would expect you to wait for that to occur.

13 **Bradley Lambert:** Absolutely. Any other questions from the Board?

14 **Bill Harris:** Mr. Chairman, let me just ask a quick question. Again, in Exhibit B, I have page  
15 11 down at the bottom. I just wanted to ask about a notation in red in the center there. It just  
16 says "62313-bad address." So, again, this is on Exhibit B, page 11.

17 **Anita Duty:** Those are the kinds of things we usually don't want to show. I guess we've had a  
18 failure on these.

19 **Bill Harris:** Now that it's out there, does that mean this is the bad address or is this the corrected  
20 address or what's?

21 **Anita Duty:** No, what we were saying is the last time we mailed that in June, it came back from  
22 the post office as a bad address. What we normally do then is we send those over to start  
23 research and try to find them.

24 **Bill Harris:** So, that's being worked on as far as you know?

25 **Anita Duty:** We still don't have anything, yet.

26 **Bill Harris:** So, that would be corrected and the bad address notation would disappear?

27 **Anita Duty:** It shouldn't show there. We shouldn't show you that. We should just be working  
28 on it. You don't need to know that it's not good.



1 **Bill Harris:** Okay. Thank you.

2 **Bradley Lambert:** Any other questions? [No response] Anything further, Mr. Swartz?

3 **Mark Swartz:** No.

4 **Bradley Lambert:** Do I have a motion?

5 **Bill Harris:** Motion for approval.

6 **Bruce Prather:** Second.

7 **Bradley Lambert:** I have a motion and a second. Any further discussion?

8 **Donnie Ratliff:** And, that's with an amended Exhibit B?

9 **Bill Harris:** Yes.

10 **Bradley Lambert:** I have a motion and a second for approval, upon submittal of an updated

11 Exhibit B and approval by Mr. Cooper and staff. All in favor signify by saying 'yes.'

12 **Board:** Yes.

13 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That is approved.

14 **Item Number 14**

15 **Bradley Lambert:** We're calling Docket Item Number 14. A petition from CNX Gas

16 Company, LLC, for re-pooling Unit AX146. Docket Number VGOB 13-1217-4028-01. All

17 parties wishing to testify please come forward.

18 **Mark Swartz:** Mark Swartz and Anita Duty.

19 **Bradley Lambert:** You may proceed, Mr. Swartz.

20 **Mark Swartz:** I'd like to incorporate Anita's testimony with regard to standard lease terms, the

21 applicant and operator and her employment, if I could.

22 **Bradley Lambert:** Accepted.

23 **Mark Swartz:** Thank you. State your name for us again, Anita.

24 **Anita Duty:** Anita Duty.

25 **Mark Swartz:** And remind you that you're still under oath.

26 **Anita Duty:** Yes.

1 **Mark Swartz:** This last item today is a re-pooling, as well. Correct?

2 **Anita Duty:** It is.

3 **Mark Swartz:** And it pertains to what unit?

4 **Anita Duty:** AX-146.

5 **Mark Swartz:** What's the reason that this is being re-pooled?

6 **Anita Duty:** We had identified a couple new heirships and there was also some mapping of the  
7 Commonwealth, either a right of way or a deed that was taken that was previously showing the  
8 surface only.

9 **Mark Swartz:** So, the re-pooling gave you an opportunity to straighten out some heirships,  
10 correct?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And that accounts, in part, for the large number of respondents?

13 **Anita Duty:** Correct. Any time we do an additional well, we always do updates and try to  
14 find...

15 **Mark Swartz:** And you figure, as long as you were coming to fix acreages and percentages and  
16 heirships, we would also ask for a second well in the unit. Correct?

17 **Anita Duty:** We needed to do that, also.

18 **Mark Swartz:** Okay. And, if we look at the plat here, this is what kind of a unit?

19 **Anita Duty:** It's a Middle Ridge.

20 **Mark Swartz:** And how many acres?

21 **Anita Duty:** 58.8.

22 **Mark Swartz:** When was this originally pooled?

23 **Anita Duty:** In December of '13.

24 **Mark Swartz:** So, fairly recently.

25 **Anita Duty:** We had an original pooling back earlier in, I think, 2006, that expired.

26 **Mark Swartz:** Oh, okay.

27 **Anita Duty:** So, this is our third.

1    **Mark Swartz:** What county is this in?

2    **Anita Duty:** Tazewell.

3    **Mark Swartz:** And what did you do to notify people that we were going to have a hearing  
4    today?

5    **Anita Duty:** Mailed by certified mail, return receipt requested on October 17, 2014, published  
6    the notice and location map in the *Bluefield Daily Telegraph* on October 21, 2014.

7    **Mark Swartz:** Do you want to add any respondents or dismiss any today?

8    **Anita Duty:** No.

9    **Mark Swartz:** What interest have you acquired in this unit, as operator and applicant and what  
10   are you seeking to pool?

11   **Anita Duty:** We have acquired 99.4898% of the coal owners' claim and 45.9524% of the oil and  
12   gas owners' claim. Seeking to pool 0.5102% of the coal owners' claim and 54.0476% of the oil  
13   and gas owners' claim.

14   **Mark Swartz:** With reference to the plat here, it looks like both of the wells are within the  
15   drilling window of this Middle Ridge unit?

16   **Anita Duty:** Yes.

17   **Mark Swartz:** Okay. And the second well is up in the northwest corner of the drilling window,  
18   but within the window?

19   **Anita Duty:** Yes.

20   **Mark Swartz:** Okay. The mapping issues pertained to what general area of this map?

21   **Anita Duty:** Generally, over on the eastern side, where the road runs through the unit.

22   **Mark Swartz:** Okay. So, we see a road running from North to South that catches the eastern  
23   side of the unit?

24   **Anita Duty:** Yes.

25   **Mark Swartz:** And there were mapping changes pertaining to that?

26   **Anita Duty:** Yes.

27   **Mark Swartz:** Okay. So, most of the changes are in tracts abutting that road?

28   **Anita Duty:** Yes.

1 **Mark Swartz:** And the heirships, were they also in that area or were they somewhere else?

2 **Anita Duty:** 1I and 1P. So, yes.

3 **Mark Swartz:** Okay. Were there heirship issues?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** And those turn out actually to be over in 1I and 1T?

6 **Anita Duty:** 1P.

7 **Mark Swartz:** Oh, 1P. Okay. Those are all sort of at the top and bottom on the eastern edge.

8 **Anita Duty:** Yes.

9 **Mark Swartz:** Okay. Have you provided well cost estimates with regard to these two wells?

10 **Anita Duty:** Yes.

11 **Mark Swartz:** And what are they?

12 **Anita Duty:** For AX-146, \$313,528. Depth-2,071 feet. AX-146A-\$368,655. AX-146A

13 estimated depth-2,400 feet. Permit number 12656.

14 **Mark Swartz:** Okay. And the estimate of the first well was provided in November of 2013,

15 correct?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And you're using, obviously, that one?

18 **Anita Duty:** Yes.

19 **Mark Swartz:** Then, the well that we would like to add on this re-pooling was October 2, 2014.

20 Correct?

21 **Anita Duty:** Yes.

22 **Mark Swartz:** Okay. Have you made a list of the folks that should receive an opportunity to

23 elect?

24 **Anita Duty:** Yes.

25 **Mark Swartz:** Would you read their names into the record?

26 **Anita Duty:** It would be Ivory Brown.

27 **Mark Swartz:** And the tract that that pertains to.

1 **Anita Duty:** I'm sorry. Tract 1A-Ivory Brown. Tract 1I-the Levi Hickman heirs. Tract 1K-  
2 Levi Hickman heirs. 1P-the Dewey Meadows heirs. 1Q-Patricia Allen. Tracts 1S, 1T, 1U, 1V-  
3 Virginia Department of Transportation/Commonwealth of Virginia. 1W-Ivory Brown, again.  
4 1X-Ivory Brown. 1Y will be VDOT. 1Z-Levi Hickman heirs.

5 **Mark Swartz:** Okay. So, those are the tracts and the folks that should get an election option  
6 into both wells, obviously.

7 **Anita Duty:** Yes.

8 **Mark Swartz:** If this unit is re-pooled.

9 **Anita Duty:** Yes.

10 **Mark Swartz:** Is there an escrow requirement?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** And it pertains to a great number of tracts?

13 **Anita Duty:** It does.

14 **Mark Swartz:** Rather than read them into the record, have you provided an Exhibit E to the  
15 Board?

16 **Anita Duty:** Yes.

17 **Mark Swartz:** And are all of the tracts that require escrow, listed on that Exhibit E?

18 **Anita Duty:** They are.

19 **Mark Swartz:** Within Exhibit E, are there also several tracts, it looks like six tracts, that require  
20 escrow because there are unknowns in them?

21 **Anita Duty:** Correct.

22 **Mark Swartz:** And have you set that forth in Exhibit E, that there are unknowns in this tract?

23 **Anita Duty:** Yes.

24 **Mark Swartz:** Are there any split agreements that you're aware of that pertain to Unit AX-146?

25 **Anita Duty:** No.

26 **Mark Swartz:** So, you have not provided an Exhibit EE, correct?

27 **Anita Duty:** Correct.

1 **Mark Swartz:** These are not being paid as pieces of a panel production?

2 **Anita Duty:** No.

3 **Mark Swartz:** These are just well allocations?

4 **Anita Duty:** Yes.

5 **Mark Swartz:** Is it your opinion that drilling a second well in the drilling window of this unit is

6 a reasonable development plan?

7 **Anita Duty:** Yes.

8 **Mark Swartz:** Is it your view that a re-pooling order combined with your leases that you've

9 obtained and the other interest you have obtained by contract would serve to protect the

10 correlative rights of all claimants in this unit?

11 **Anita Duty:** Yes.

12 **Mark Swartz:** I think that's all I have, Mr. Chairman.

13 **Bradley Lambert:** Questions from the Board?

14 **Bill Harris:** Let me just ask a quick question. Where is this? I notice that the road goes through

15 a town. Do you know what town that is, by any chance? I'm just curious. Richlands?

16 **Rick Cooper:** That's correct. It goes through Richlands.

17 **Bill Harris:** Okay. Thank you.

18 **Donnie Ratliff:** Mr. Chairman.

19 **Bradley Lambert:** Mr. Ratliff.

20 **Donnie Ratliff:** On your Exhibit B, there's lots of information missing on ownership and

21 acreage. There's a lot of blanks.

22 **Anita Duty:** On a couple of the heirships.

23 **Donnie Ratliff:** Is that what it is?

24 **Anita Duty:** The Levi Hickman heirs and the Dewey Meadows heirs are the ones that are a

25 work in progress right now. Those are the ones that we are trying to identify those owners. And,

26 if we don't have documentation to bring that interest forward, we leave it in the original heir's

27 name until we get documentation.

28 **Donnie Ratliff:** Okay.

1 **Anita Duty:** That may be some of the.....because you'll see little notes in there that say  
2 "documentation pending."  
3 **Donnie Ratliff:** It is all heirship?  
4 **Anita Duty:** Yes. Those two are those new heirships that we're still working on that go back  
5 several years.  
6 **Bradley Lambert:** Any other questions? [No response] Anything further, Mr. Swartz?  
7 **Mark Swartz:** No.  
8 **Bradley Lambert:** Do I have a motion?  
9 **Bill Harris:** Motion to approve.  
10 **Bruce Prather:** Second.  
11 **Bradley Lambert:** I have a motion and I have a second. Any further discussion? [No  
12 response] All in favor signify by saying 'yes.'  
13 **Board:** Yes.  
14 **Bradley Lambert:** Opposed no. [No response] Thank you, Mr. Swartz. That's approved.  
15 **Mark Swartz:** Thank you.

### **Item Number 15**

17 **Bradley Lambert:** The next item on the docket is the Board will receive an update from the  
18 division.  
19 **Rick Cooper:** At this time, I was wondering, would it be possible for Ms. Barrett to come back  
20 and add to her testimony on PC313, Docket Item Number 7? I'd like to clarify her testimony, if  
21 she could do so. I guess I'm asking the Board, can she do that?  
22 **Bradley Lambert:** Yes. Ms. Barrett, please come forward.  
23 **Mary Quillen:** What item number is this?  
24 **Bradley Lambert:** Docket Item Number 7.  
25 **Rita Barrett:** Yes, Mr. Chairman. It's VGOB 93-0119-0309-06. Mr. Lovett has confirmed that  
26 this well is producing, nowhere near the school. I should have looked at the plat. I apologize.  
27 We have production up through July of this year. So, I would like to continue this well so that

1 we can revise this reconciliation. I don't feel comfortable with a reconciliation that's two years  
2 old.

3 **Bradley Lambert:** Sure.

4 **Rita Barrett:** It looks like they were actually waiting on some disbursement on items to get  
5 recorded and the last one came in September 18th of this year.

6 **Bradley Lambert:** When would you like to continue it to?

7 **Rita Barrett:** January.

8 **Bradley Lambert:** January? Okay.

9 **Mary Quillen:** January?

10 **Rita Barrett:** Yes, please.

11 **Bradley Lambert:** So, Docket Item Number 7, a petition from EQT Production Company, for  
12 disbursement and authorization for direct payment on behalf of all known owners in Tract 4 in  
13 Well PC-313 (VC-751313). Docket Number VGOB 93-0119-0309-06 will be continued until  
14 January 2015.

15 **Rita Barrett:** Thank you.

16 **Bradley Lambert:** Thank you, Ms. Barrett. Now, we'll receive an update from the Division.

17 **Rick Cooper:** Two quick updates. Just to let the Board know, Mr. George Taylor, the Vice  
18 President of First Bank & Trust is meeting with us this Thursday to sign the escrow extension for  
19 five years. So, everything should be going forward on that. No terms and conditions changed  
20 and no fees changed. So, we plan to sign that on the 20th, this week. The only other thing I have  
21 is that during the last hearing, First Bank & Trust mentioned that there are some "green files" at  
22 the end of the escrow account. Comments came up and we resolved those issues that they've  
23 been hanging out there for at least 20 years. They're at the end of the escrow account and I guess  
24 I had thought those were in a different part of the State. With a little research, we found out  
25 those are in Southwest Virginia, but they have no docket numbers assigned to them, at all. So,  
26 what we're going to do is to start going from 1990 or maybe even before then, and search the  
27 transcripts to see if we can find some type of history. There are actually six wells that been  
28 sitting out there. Of that six, four of them have unknowns or unlocatables in those with a very  
29 small dollar amount. So, hopefully, in the very near future, after we research all the transcripts  
30 we will discover these people. It will take some time to do that, since some of them are from the  
31 late '80's and '90's. But, we hope to report to the Board in the very near future that we might be  
32 able to close one or two of the accounts. The question that the Board needs to answer is: can  
33 these unlocatables hang out there for a good period of time? Some of them just have \$2.48, but



1 they've been in there over 20 years. So, we're doing our diligent effort to try to locate these  
2 people and who they're assigned to, but we have only found one at this time.

3 **Mary Quillen:** I have one question. After that long period of time, would those not revert to the  
4 unclaimed accounts by the State?

5 **Rick Cooper:** That's a question we've talked about. I was going to ask the Board that. Is there  
6 any way that we can close those accounts if we locate these? At this time, I'm not sure. Maybe,  
7 that would be a question we can also talk about with the bank when they come back. I'm not  
8 sure at this time. They've been there for over 20 years.

9 **Bradley Lambert:** That's the question we probably need to talk to the Bank, first, and bring it  
10 back before the Board.

11 **Rick Cooper:** Again, these never had docket numbers assigned to them. These are just odd  
12 balls. We are working on that.

13 **Bradley Lambert:** Okay. Along those lines, Ms. Kesterson, could you come before the Board,  
14 please? Before we get into the last docket item, as you know at 2:00 this afternoon, there will be  
15 a press conference related to the escrow review and Ms. Kesterson has been so kind as to put  
16 together that press conference and develop a presentation for that. Would you explain that to the  
17 Board what will take place at 2:00?

18 **Tarah Kesterson:** We've kind of revised the escrow viewer, if you guys had a chance to take a  
19 look at it on our website. People can log on, see where the escrowed units are, type in their  
20 acreage based on an address search, and then find how much they are owed. We also have a  
21 process to explain who they contact, where they go. The companies have provided us direct  
22 information. So, when they find those units on their property, they'll be able to find the direct  
23 person to contact. So, we have invited the press here at 2:00. We're going to talk about what  
24 unknown, unlocatables, are and give a demonstration on how our viewer works on our website.

25 **Bradley Lambert:** So, potentially, that could help us locate those folks in those old units.

26 **Rick Cooper:** That's correct. This has been a cooperative effort from all the companies because  
27 they've had to submit a lot of the data. Everyone has been pretty cooperative on this. We feel  
28 that this is our best effort, that we can put forth. We've tried over and over. I know the Board  
29 has, many times, requested that we come up with ways or means to try to do that. We've tried  
30 websites. We believe that this is our best effort to put it out for anyone to see anytime, night or  
31 day. They can do 911 addresses. They can do local addresses. If they know a well, they can do  
32 it from a well search. But, we feel that this is the best attempt that we know as of to date, to try  
33 to locate some of these people that may be in other states or issues. Correct?

34 **Tarah Kesterson:** I believe so.

1 **Bradley Lambert:** It's an excellent program. These folks that develop these mapping  
2 programs, they give it to me first to try it and, if I can do it, pretty much anybody can do it. So, I  
3 would encourage everybody, even the audience members if you could stay or come back at 2:00  
4 to review this. Maybe you're not involved or maybe you don't have acreage involved in  
5 unlocatables, but you would be able to tell other members in the community so they can use this  
6 tool to locate it. Thanks to the staff who developed it and Tarah for all your work you've done in  
7 getting the word out and setting up the press conference. Anything further?

8 **Rick Cooper:** No, I think again, the demonstration will pretty much reveal what we've got to  
9 teach. It's pretty user-friendly, but it's also pretty comprehensive. It's very easy to use.

10 **Bradley Lambert:** Okay. Thank you, Rick. Thank you, Tarah.

11 **Bill Harris:** Mr. Chairman, let me ask a question.

12 **Bradley Lambert:** Mr. Harris.

13 **Bill Harris:** This is related, but unrelated. I think I saw in the news this week something about  
14 a fracking workshop or conference or something. I think it was a citizen opportunity and I  
15 thought that was this week somewhere in Buchanan County. Was that something that...?

16 **Rick Cooper:** To be very honest, I'm not aware of it.

17 **Bill Harris:** I was surprised when I saw it. I just saw it in the news this week and it was on  
18 fracking. I can't remember where it was, but I'm not sure if it was in Russell County or  
19 Buchanan. Does anyone?

20 **Rick Cooper:** I'm not sure where that could be.

21 **Bill Harris:** I just wondered. I think it took place, already, this week. I was just curious as to  
22 what was discussed and how that came about. Thank you.

23 **Item Number 16**

24 **Bradley Lambert:** The next item on the docket is the Board will review October 2014 minutes.  
25 Are there any additions?

26 **Donnie Ratliff:** Move to approve as presented.

27 **Bradley Lambert:** I have a motion to approve. Do I have a second? Do I have a second to  
28 approve the minutes?

29 **Bill Harris:** Second.

30 **Bradley Lambert:** All in favor signify by saying 'yes.'

- 1 **Board:** Yes.
- 2 **Bradley Lambert:** Opposed no. [No response] Do I have a motion to adjourn?
- 3 **Mary Quillen:** Motion to adjourn.
- 4 **Bradley Lambert:** Do I have a second?
- 5 **Bill Harris:** Second.
- 6 **Bradley Lambert:** All in favor signify by saying 'yes.'
- 7 **Board:** Yes.
- 8 **Bradley Lambert:** Thank you, ladies and gentlemen.